

C.I.A. Sees Soviet's Arms Outlays Increasing Despite Economic Lag

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WASHINGTON, Oct. 5—The Central Intelligence Agency predicts that the Soviet Union will continue its long-term growth in military spending, although perhaps at a more moderate pace because of its lagging economy.

In testimony given to Congress last May and made public today, the C.I.A. said that a balanced development of the Soviet economy had clearly been "impeded" by the high rate of defense spending, thus presenting the Soviet leadership with a "contentious" and "painful" issue.

At the same time, however, the C.I.A., which last spring substantially increased its estimate of Soviet defense spending, said "it is clear that the Soviets are far more willing than we had thought to forgo growth in the civilian sector (and consumer satisfaction) in favor of expanding military capabilities."

The testimony was by the Director of Central Intelligence, George Bush, and other agency specialists on the Soviet Union before a joint economic subcommittee headed by Senator William Proxmire, Democrat of Wisconsin.

Mr. Bush saw "many signs that the Soviet economy has entered a period of slower growth, at a time when all major sectors—defense, industrial growth and consumption—are demanding increases."

A 'Most Serious Setback'

Largely because of agricultural crop failures, he said, the Soviet economy last year "suffered its most serious setback" since the Communist Party leader, Leonid I. Brezhnev, came to power in 1964.

"We are getting reports of food shortages, particularly in meat, as well as stories of work slowdowns and vandalism in the markets, as the people vent their ire," he said. Mr. Bush added that there were no "indications that the leadership has seriously considered diverting resources from military to civilian use in response to consumer demands."

Largely because of a conclusion that

Soviet military equipment is higher priced than had been presumed, the C.I.A. nearly doubled its estimate of the share of Soviet gross national product going into defense. Its current estimate—which some in the Pentagon think is still too low—is about 11 percent to 13 percent.

The C.I.A. also estimated that in the last five years, Soviet defense spending increased annually at an average rate of 4 to 5 percent. The increase in defense spending just about matched the growth in the gross national product. But last year, according to C.I.A. estimates, the growth in Soviet gross national product fell to 2.3 percent.

Justification for U.S. Spending

The past steady growth in Soviet defense spending has been one of the major arguments used by the Ford Administration in justifying increases in the American defense budget.

The United States devotes slightly less than 6 percent of its much larger gross national product to defense.

Measured by what the Soviet military program would cost the United States in dollars, Soviet military spending last year was estimated to have exceeded that of the United States by about 10 percent.

Mr. Bush also testified that the Soviet armed forces were now estimated to total 4,780,000. This included 371,000 assigned to construction and transportation, 330,000 in the border guards, 39,000 assigned to local military commissariats and 12,000 in the Main Political Administration.

These assignments have no exact counterparts in the United States, which maintains a military force of two million.

"Generally speaking," Mr. Bush said, "the U.S.S.R. lags far behind the U.S. in the design and production of advanced electronic components and computers, and in some aspects of missile propulsion and guidance technology."